CONSOLIDATED FINANCIAL STATEMENTS 2007

ST. JOHN'S

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INTRODUCTION

These documents comprise the City of St. John's financial reporting for the fiscal year ended December 31, 2007.

The Consolidated Financial Statements are the primary document, however much additional detail and explanation is provided in the "Financial Statement Discussion and Analysis" which should be read in conjunction with the Consolidated Financial Statements for a full understanding of the City's financial operations in 2007 and its financial position at December 31, 2007.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

I am pleased to present the following Financial Statement Discussion and Analysis, which has been prepared by management of the City. This discussion and analysis of the financial performance of the City of St. John's (the "City") should be read in conjunction with the audited consolidated financial statements and their accompanying notes and schedules, which are prepared in accordance with Canadian generally accepted accounting principles for local governments as established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The Consolidated Financial Statements of the City (the "Statements") provide information about the economic resources, obligations and accumulated surplus of the City. They include the City's operating departments, as well as City agencies such as the St. John's Transportation Commission, the City of St. John's Non-Profit Housing Fund and St. John's Sports & Entertainment Ltd. A brief description of the City's major funds and agencies follows.

The City's Sinking Fund contains the principal payments on the City's debenture financed long term debt, as well as the interest earned on those payments. The City uses 20 year Sinking Fund bond issues to finance most capital borrowing. Under the terms of those bonds the City pays interest on the principal to the issuer semi-annually and at the same time pays a set percentage (typically 2.5% per annum) of the principal into the Sinking Fund. The money in this Fund is then invested in financial instruments authorized under the Trustee Act in order to safely accumulate the funds required to repay the lender on maturity.

The City's Non-Profit Housing Fund owns rental properties in projects located around the City. The properties were financed and constructed in conjunction with the Canada Mortgage and Housing Corporation, however the City is fully responsible for managing and maintaining the properties, which are financed by mortgages paid out of the rental revenue.

The St. John's Transportation Commission, which operates as Metrobus, is a City agency overseen by seven Commissioners appointed by Council, of whom two are elected Councillors. The Commission has its own management and staff and operates independently. It receives an operating subsidy from the City and its annual budget as approved by the Commission is presented to and approved by the City.

St. John's Sports & Entertainment Ltd. ("SJSEL") is a corporation without share capital, incorporated by the City to own and operate Mile One Centre and the St. John's Convention Centre. The nine person Board of Directors is appointed by Council and includes one elected City Councillor and two City staff as ex-officio non-voting members. Similar to the Transportation Commission, SJSEL receives an operating subsidy from the City and its annual budget as approved by the Board is also, presented to and approved by the City.

Separate financial statements are prepared annually for the Non-Profit Housing Fund, the St. John's Transportation Commission and St. John's Sports & Entertainment Ltd.

In addition, separate financial statements are prepared for the St. John's Regional Fire Department and for the St. John's Regional Water System. Both of these regional services are owned and operated by the City of St. John's and their operations are included in the City's Consolidated Financial Statements, however the actual cost of operations is allocated to all users of the services which include several other municipalities in the metropolitan area. Those costs billed out to other municipalities are included as revenue under "Sales of Goods and Services".

CHANGES IN ACCOUNTING POLICIES AND PRESENTATION

The City has always complied with Canadian generally accepted accounting principles for local governments, however these accounting principles are subject to change as mandated by PSAB. These consolidated financial statements include a new presentation of assets and liabilities in the Consolidated Statement of Financial Position, as well as a new presentation and calculation of revenue and expenditure in the Consolidated Statement of Operations and Accumulated Surplus. These statements also reflect the early adoption of the requirements of PSAB Handbook Section 3150, Tangible Capital Assets, which are mandatory as of fiscal years commencing January 1, 2009. Section 3150 requires local governments to capitalize all fixed assets and amortize the cost over the expected service life of the assets. A summary of the City's assets is provided in Note 5 to the statements and in Schedule 1, along with the service life expectations and the amortization recorded in both 2006 (calculated retroactively) and 2007. This presentation differs substantially from that previously used which saw fixed assets expensed to the Revenue Fund in the year of acquisition and set up indefinitely in the Capital Fund. Concurrent changes will see capital contributions from other levels of government recorded as revenue in the year of receipt, rather than as an increase in contributed surplus and a change in the treatment of debt service from the full amount of payments, both principal and interest, being treated as expenses to just the interest portion being expensed. These changes will collectively move the City's accounting from a cash flow basis, until now the standard for governments at all levels, to a full accrual basis, the long existing standard for profit oriented entities. As the City must continue to use cash flow accounting to establish its budget each year, which is based on setting tax rates to generate the net revenue required to perform its services, there is no comparison to budget presented in the formal consolidated financial statements. Instead, this information is provided as supplementary information. It should be noted as well that the changes in presentation for 2007 have been applied as well to 2006 comparative figures in compliance with the requirement for retroactive application of the changes in accounting policies and presentation.

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

The Consolidated Statement of Operations reports the City's changes in economic resources, obligations and accumulated surplus for 2007, on a comparative basis to the restated results for 2006. The net result of these changes for 2007 is a consolidated annual surplus of $43,273,448, indicating that revenues raised during the year were sufficient to cover costs.

During 2007 the City recorded consolidated revenues of $225,124,000 (2006 - $204,506,000) including capital grants, primarily from other levels of government, of $35,177,037. Consolidated expenses for the year were $181,851,000 (2006 - $173,612,000), producing the annual surplus of $43,273,000 noted above, compared to the restated $30,894,000 surplus recorded in 2006. The major factor in the increased consolidated revenues and surplus was an increase in capital grants of $11,067,000, including $ 3,993,000 from the Federal Gas Tax Funding Agreement and $ 27,309,000 from the Federal/Provincial/Municipal Agreement on cleaning up St. John's Harbour. The other significant increase in revenue was attributable to property based tax revenues, based on the increase in the assessed value of properties within the City and even after taking a reduction in mil rates into account.

Consolidated expenditures for 2007 increased by 4.7% over 2006, with the increases spread across the City's operations. Notable increases in expenditure as compared to 2006 include

- Interest on Debenture Debt Charges, up by approximately $2,000,000. This is attributable primarily to the borrowing required for cash-shared capital projects completed with the Multi-Year Capital Works Programs with the Provincial Government.

- Snow clearing, up by approximately $1,700,000, attributable entirely to weather conditions in 2007.

- Water supply and distribution, up by approximately $3,000,000. This is attributable to the capital costs and initial operating costs of the new Windsor Lake Water Treatment Plant, as well as upgrades to the Bay Bulls Big Pond Water Treatment Plant.

Details of comparative expenditures can be found in schedule 6 of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Consolidated Statement of Financial Position reports the City's financial and non-financial resources, obligations and accumulated surplus as at December 31, 2007, on a comparative basis. This statement read in conjunction with the referenced notes to

the consolidated financial statements, provides an illustration of the City's ability to finance its activities and meet its liabilities and commitments.

Significant items on the Consolidated Statement of Financial Position includes, in both "cash and cash equivalents" and in "payables and accruals" (under "Deposits and Prepayments"), the $18,382,000 received to date under the Federal Public Transit Fund. This money was received before year end and represents a liability until such time as it is expended in accordance with the funding agreement. This money will be used to construct a new Metrobus Depot with maintenance and storage facilities, as well as administrative office space. In "Accounts Receivable". the amounts receivable from other governments consist primarily of amounts expended in cost shared capital projects but not recovered from the other levels of government at year end. The "Portfolio Investment (Sinking Funds)" is the accumulated principal payments and income earned under the terms of the City's Debenture debt borrowings. As such they represent the payments made under the terms of the debt issuance and must be offset against the Debenture debt total. Similarly, the "Accounts receivable – long term" consist primarily of amounts receivable from other levels of government for funds borrowed to finance the Provincial share of cost shared capital projects. The City's net debt payable at December 31, 2007 is therefore $153,907,000, summarized as follows:

		2007	2006
Debenture debt		$203,806,000	$188,806,000
Long term debt		59,074,673	64,289,737
		$262,880,673	$253,095,737
Less:	Accounts receivable – Long term	61,625,968	72,021,576
	Portfolio Investment (Sinking Funds)	47,347,623	32,357,793
		$153,907,082	$148,716,368

The "Employee benefits" liability represents obligations to both current employees and to retirees, both current and future. The largest amount, explained more fully in Note 11, is for post employment health and life insurance benefits. This is the current calculation of the future cost of paying the premiums for these benefits for current employees after their retirement.

The "Tangible Capital Assets" are the City's physical assets including everything from buildings and trucks to water pipes and computers. During the 2007 fiscal year the City spent $83,193,000 on the acquisition of capital assets, broken out as shown in Schedule 1.

CONSOLIDATED STATEMENT OF CASH FLOWS

This statement reconciles the cash position of the City over the fiscal year ended December 31, 2007 by starting with income earned, adding back amortization of tangible capital assets, as well as other non-cash expenditures, adding cash provided by borrowing and other financing activities and deducting capital expenditures and principal payments on debt.

This statement is simplified from that presented in prior years as many of the items required to reconcile cash in prior years are now included directly in revenue or expenditure as a result of the adoption of accrual accounting.

CONSOLIDATED STATEMENT OF NET DEBT

This is a new statement in 2007. This statement reconciles the net debt year over year where net debt is essentially the City's financial (cash or equivalent) assets less its financial liabilities, and reports on the extent to which expenditures (as opposed to expenses) in the year have been met by revenues recognized in the year. Expenditures include both payments on debt principal in the year as well as the costs of acquisition of tangible capital assets, items which require the outlay of cash but which are not considered expenses of the year. As such, it reports on how such expenditures are financed. In these financial statements, the "Increase in net debt" is $19,741,000 and is almost entirely attributable to the acquisition of fixed assets using funds borrowed for the purpose

COMPARISON TO BUDGET

The City's annual operating budget is prepared on a cash flow basis with tax rates set at the levels required to cover the cash requirements of the City for the fiscal year. In prior years the City's consolidated financial statements were also prepared on this basis, providing an understandable measure of performance. The following schedule provides a summarized comparison of actual revenues and expenditures for 2007 to the cash budgeted amounts for 2007, as well as to the actual expenditure for 2006.

CASH BASIS STATEMENT OF REVENUE AND EXPENDITURE

	2007 Actual	2007 Budget	2006 Actual
REVENUE			
Taxation	107,475,203	106,330,790	98,229,596
Government grants	19,342,100	18,659,680	13,047,467
Sales of goods and services	35,930,449	34,897,990	29,421,454
Other revenue from own sources	7,773,378	6,577,100	7,231,594
Grants in lieu of taxes	2,984,563	3,310,000	4,110,007
Urban living non-profit housing	3,898,143	3,612,430	3,903,727
St. John's Sports & Entertainment Ltd.	9,988,176	9,781,090	9,391,551
St. John's Transportation Commission	6,001,638	6,123,530	6,074,568
	193,393,650	189,292,610	171,409,964
EXPENDITURE			
General government services	22,915,534	22,968,970	23,179,290
Fiscal services	26,234,983	26,366,640	24,858,084
Transportation services	26,455,848	25,734,440	23,929,149
Protective services	21,341,542	21,551,830	20,285,363
Environmental health services	28,586,402	28,212,370	18,939,799
Recreation and cultural services	15,480,532	14,629,980	13,528,472
Environmental development services	4,646,218	4,554,130	3,702,416
Other	18,725,700	18,856,380	13,812,909
Urban living non-profit housing	4,057,233	3,649,820	4,039,251
St. John's Sports & Entertainment Ltd.	10,513,278	10,081,390	10,742,488
St. John's Transportation Commission	13,390,934	13,024,350	12,307,217
	192,348,204	189,630,300	169,324,438
Excess of revenue over expenditure on cash basis	1,045,446	(337,690)	2,085,526

As indicated, in both 2006 and 2007, the City operated with a small cash surplus. This does not however take into account other expenses that are incurred during the fiscal year but which do not require any outlay of cash until future years. These expenses are primarily related to employee benefits provided to retirees such as health and life insurance and have been accrued and reported in previous years as other items following the reported cash surplus on deficit. This reporting was a partial step toward the full accrual accounting used in the City's audited consolidated financial statements for 2007, which include these items as well as many others required under the new mandatory reporting standards.

WHAT THE FINANCIAL STATEMENTS MEAN

Up until 2006, the City's consolidated financial statements were prepared on a consistent basis with the City's budget, that is, on a cash basis. Under this approach the City budgets for the cash required to operate in a fiscal year and the revenue levels required to provide that cash. Our financial statements were prepared on the same basis and provided an obvious and understandable comparison to budget as a measure of the City's financial performance in raising the budgeted cash revenue and spending the cash on budgeted expenditures. In recent years PSAB, the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, has issued new accounting rules as noted above that allowed a mixture of cash and accrual reporting. This will culminate in a requirement for full accrual accounting, including fixed assets, to

be in place by fiscal years commencing on January 1, 2009 at the latest, although earlier adoption of all standards is encouraged. These statements are prepared on the full accrual basis.

Under the full accrual accounting rules now in place and disclosed in the notes to the consolidated financial statements, the City is showing an operating surplus for the 2007 fiscal year of $43,273,448 versus the $1,045,446 surplus generated under cash basis accounting. The major contributing factors to this increase in annual surplus, and indeed to the $413,243,929 accumulated surplus, relate to the City's fixed or tangible capital assets and the related capital grants from other levels of government and the related debt service payments. Specifically, they include:

(a) $ 39,170,000 in capital grants recorded as revenue in the current year. In previous years these would have been reflected as a reduction in the cost of the purchased assets and would not impact on the Statement of Operations at all.

(b) The exclusion of the purchase of fixed assets from the Statement of Operations and the inclusion of amortization as disclosed in Schedule 1 to the consolidated financial statements.

(c) The exclusion of payments on the principal balances of long term debt from the Statement of Operations.

An understanding of these results therefore has to take into account the physical assets of the City their age and the source of financing used, in addition to the financial assets, the primary justification for these changes in accounting rules. What this means, therefore, can be summarized as follows:

- the City has spent a great deal of money on the acquisition of fixed or tangible assets in recent years and has received substantial capital contributions towards those expenditures from third parties, primarily the Federal and Provincial governments.

- the surplus which has been generated is based on tangible capital assets, which are held indefinitely and are used to provide services to residents and are not available for sale to generate cash.

- the City was able to achieve a cash surplus on operations and is in good financial condition but does not have $43,000,000 in cash available for future operations.

This accounting approach, which treats municipalities and municipal accounting on the same basis as profit oriented enterprises has a different goal from that of profit oriented enterprises in which a measure of profitability, and therefore value to shareholders, is the primary goal. Although the basic concept of matching expense to the period incurred is the same, for municipalities the primary goal is accountability and

accountability in a very broad sense. This includes not only the basic handling of cash funds provided by taxpayers and by other levels of government but also how those funds are used to ensure that the municipalities' physical assets are maintained as required, replaced as appropriate and financed responsibly. These statements are intended to provide that information to current and future readers and to provide an objective measure of the City's performance in achieving accountability for all its assets.

Robert G. Bishop, C.A.
Director of Finance
and City Treasurer

January 8, 2009

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying Consolidated Financial Statements and all other information contained in this Annual Report are the responsibility of the management of The City of St. John's. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depends on future events. These Consolidated Financial Statements have been prepared by management within reasonable limits of materiality and within the framework of Canadian generally accepted accounting principles for governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded and that financial information produced is relevant and reliable.

Prior to their submission to Council, the Consolidated Financial Statements have been reviewed and approved by the City's Audit Committee.

Deloitte & Touche LLP, Chartered Accountants, as the City's appointed external auditors, have audited the Consolidated Financial Statements. The Auditors' Report is addressed to the Mayor and Councillors and appears in the following pages. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of operations of the City in accordance with Canadian generally accepted accounting principles.

Robert G. Bishop, C.A.
Director of Finance
and City Treasurer

Deloitte.

Consolidated Financial Statements of

CITY OF ST. JOHN'S

December 31, 2007

Member of
Deloitte Touche Tohmatsu

CITY OF ST. JOHN'S
December 31, 2007

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Auditors' Report

To His Worship the Mayor and Councillors,
City of St. John's

We have audited the consolidated statement of financial position of the City of St. John's as at December 31, 2007 and the consolidated statements of operations and accumulated surplus, cash flows and change in net debt for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
December 10, 2008

CITY OF ST. JOHN'S

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2007

	2007	2006
	$	$ (Note 2)
Revenue (Schedule 5)		
Taxation	**107,027,021**	97,801,720
Grants in lieu of taxes	**2,984,563**	4,110,007
Grants and transfers	**51,697,413**	38,733,269
Sales of goods and services	**45,056,149**	46,139,133
Other revenue from own sources	**18,359,002**	17,722,211
	225,124,148	204,506,340
Expenditure (Schedule 6)		
General government services	**32,440,462**	30,279,690
Fiscal services	**15,428,265**	14,164,954
Transportation services	**36,433,709**	33,847,565
Protective services	**24,809,016**	24,148,143
Environmental health services	**22,902,711**	20,177,170
Recreation and cultural services	**24,295,617**	24,187,414
Environmental development services	**4,673,580**	4,776,324
Amortization and allowances	**20,867,340**	22,030,725
	181,850,700	173,611,985
Excess of revenue over expenditure	**43,273,448**	30,894,355
Accumulated surplus, beginning of year	**413,243,929**	382,349,574
Accumulated surplus, end of year	**456,517,377**	413,243,929

CITY OF ST. JOHN'S
Consolidated Statement of Financial Position
As at December 31

	2007	2006
	$	$ (Note 2)
Financial assets		
Cash and cash equivalents (Note 3)	**32,478,626**	2,061,986
Short-term investments	**9,000,621**	24,949,150
Accounts receivable - current (Note 4)	**22,291,447**	20,843,076
Accounts receivable - long-term (Note 5)	**61,625,968**	72,021,576
Investment in rental housing projects	**449,887**	473,000
Portfolio investments (Sinking funds) (Note 13, Schedule 2)	**47,347,623**	32,357,793
	173,194,172	152,706,581
Financial liabilities		
Payables and accruals (Note 7)	**51,360,083**	29,979,403
Employee benefits (Note 8)	**84,067,252**	74,433,161
Deferred credits	**2,162,880**	2,703,600
Debenture debt (Note 9 and Schedule 2)	**203,806,000**	188,806,000
Long-term debt (Note 10, Schedule 3 and 4)	**59,074,673**	64,289,737
Trust funds payable	**405,269**	435,531
	400,876,157	360,647,432
Net debt	**(227,681,985)**	(207,940,851)
Non-financial assets		
Tangible capital assets (Note 6)	**680,539,932**	617,512,877
Inventory of materials and supplies, at cost	**2,429,242**	2,321,070
Prepaid expenditures	**1,153,950**	1,254,115
Unamortized bond discount	**76,238**	96,718
	684,199,362	621,184,780
Accumulated surplus	**456,517,377**	413,243,929

CITY OF ST. JOHN'S
Consolidated Statement of Cash Flows
For the year ended December 31, 2007

	2007	2006
	$	$ (Note 2)
Operating activities		
Excess of revenue over expenditures	**43,273,448**	30,894,355
Non-cash charges to operations:		
Amortization	**18,279,308**	18,164,110
Employee benefits	**9,634,091**	7,690,275
Loss on disposal of tangible capital assets	**1,636,334**	2,301,779
	72,823,181	59,050,519
Net change in non-cash operating working capital (Note 14)	**19,924,301**	(798,366)
	92,747,482	58,252,153
Financing activities		
Decrease (increase) in long-term receivable	**10,395,608**	(17,665,268)
Proceeds from debenture debt	**15,000,000**	60,000,000
Proceeds from long-term debt	**254,000**	2,598,000
Repayment of		
Debenture debt	**-**	(1,934,000)
Long-term debt	**(5,469,063)**	(6,350,006)
Change in bank indebtedness	**-**	(12,155)
Other	**(550,501)**	2,902,327
	19,630,044	39,538,898
Investing activities		
Acquisition of tangible capital assets	**(83,192,846)**	(63,854,679)
Increase in sinking fund investments	**(14,989,830)**	(7,116,735)
Proceeds from sale of tangible capital assets	**250,148**	169,833
Proceeds (purchase) of short-term investments	**15,948,529**	(24,949,150)
Investment in rental housing projects	**23,113**	21,666
	(81,960,886)	(95,729,065)
Increase in cash and cash equivalents	**30,416,640**	2,061,986
Cash and cash equivalents, beginning of year	**2,061,986**	-
Cash and cash equivalents, end of year	**32,478,626**	2,061,986

CITY OF ST. JOHN'S

Consolidated Statement of Change in Net Debt

For the year ended December 31, 2007

	2007	2006
	$	$
Excess of revenues over expenditures	**43,273,448**	30,894,355
Changes in tangible capital assets		
Acquisition of tangible capital assets	**(83,192,846)**	(63,854,679)
Net book value of tangible capital assets disposals/adjustments	**1,886,482**	2,471,612
Amortization of tangible capital assets	**18,279,308**	18,164,110
Increase in net book value of tangible capital assets	**(63,027,056)**	(43,218,957)
Changes in other non-financial assets		
Acquisition of prepaid and deferred charges (net of usage)	**120,646**	76,831
Acquisition of inventory of supplies (net of usage)	**(108,172)**	51,514
Decrease in non-financial assets	**12,474**	128,345
Increase in net debt	**(19,741,134)**	(12,196,257)
Net debt, beginning of year	**(207,940,851)**	(195,744,594)
Net debt, end of year	**(227,681,985)**	(207,940,851)

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

Basis of consolidation

The consolidated financial statements include all the fund accounts of the City of St. John's (the "City"), St. John's Transportation Commission and St. John's Sports & Entertainment Ltd., which are wholly-owned and operated by the City. St. John's Sports & Entertainment Ltd. has a fiscal year end of May 31, therefore these financial statements include the audited accounts of that operation for the five months ended May 31, 2007 and the unaudited accounts for the seven months ended December 31, 2007. Any internal income and expenses for the City's Non-Profit Housing, Regional Fire and Regional Water have been eliminated on consolidation.

Revenue recognition

Revenues are recognized as earned and when collection is reasonably assured. Property tax billings are prepared by the City based on the assessed values of all properties in the City. The tax rates are approved annually by Council.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks (net of overdrafts) and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Inventories

Inventories of material and supplies are carried at the lower of cost and net realizable value.

Investments in rental housing projects

Investments in rental housing projects are recorded at cost.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	45 years
Vehicles	
Transit buses	7-10 years
Vehicles	7-20 years
Computer hardware and software	5 years
Other	
Machinery and equipment	15-20 years
Water and waste plants and networks	
Underground networks	75 years
Sewage treatment plants and lift stations	45 years
Water pumping stations and reservoirs	45 years
Flood stations and other infrastructure	45 years
Transportation	
Roads	35 years
Bridges and structures	50 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Contribution of tangible capital assets

Contributions of tangible capital assets are recorded at fair value at the date of receipt and are also recorded as revenue.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses incurred.

Bond discounts

Bond discounts are amortized and expensed over the term of the bond issue.

Assessments

Assessments for water and sewer installations and street improvements are recorded on an accrual basis.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Portfolio investments (Sinking funds)

Sinking funds established for the retirement of debentures are held and administered by a third party and accounted for in the City's records on an accrual basis.

Reserve for harbour clean-up

The City has established a reserve to hold funds provided for the clean-up of St. John's Harbour. Commencing in 1998, a portion of the water tax billings was allocated to this reserve. These funds are being used to finance the capital works undertaken to improve environmental conditions in the harbour.

Reserve for landfill capital improvements

The City has established a reserve for landfill capital improvements to accumulate the net revenue received from users of the Robin Hood Bay landfill site. These funds are being used to finance future capital works undertaken at the landfill site.

Reserve for water treatment facility

The City has established a reserve to hold funds provided for a new water treatment facility. Commencing in 2002, a portion of the water tax billings is being allocated to the reserve. These funds are to be used to finance the capital works undertaken to build new water treatment facilities and enhancements to existing facilities.

Reserve for snow and ice management

The City has established a snow and ice management reserve to accumulate funds to be used in years of severe winter conditions to alleviate the financial impact on the City's operations. The reserve has a maximum amount of $2,000,000.

Reserve for Civic Centre financing

The City has established a Civic Centre financing reserve to accumulate its share of revenue received from the accommodations' tax. The accommodations' tax, which was legislated effective January 1, 1999, represents a three percent room levy on all fixed roof accommodations in the City of St. John's.

Solid waste landfill closure and post-closure costs

The liability for closure and post-closure care of the City's Robin Hood Bay landfill is recognized as the landfill site's capacity is used. Closure costs are included in annual operating costs as each section of the landfill site is filled and placed out of service. The present value of the estimated annual post-closure costs is being accrued over the remaining life of the landfill site.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Severance pay

The City accounts for severance pay on the accrual basis and the amount is calculated based upon accumulated unused sick leave or on years of service. The amount is payable when the employee ceases employment with the City.

Retirement benefits

The City provides a benefit to certain employees based upon the employee's length of service with the City. This benefit is payable only upon retirement.

Accrued pension benefits

The cost and obligation of pension benefits earned by employees and members of Council are actuarially determined using the accrued benefit method prorated on service and management's best estimate of assumptions of future investment returns for funded plans, salary changes and retirement ages of employees. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

The discount rate used for determining the benefit obligation is the expected rate of return on plan assets or the City's cost of borrowing.

Past service costs resulting from plan amendments are recognized at the date of amendment.

The excess of the net actuarial gain (loss) is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee plan is 15 years and for the Mayor and Councillors' plan, 8 years.

Employee future benefits

The City provides post retirement benefits in the form of extended life and health coverage to employees. The cost and obligations of these benefits earned by employees are actuarially determined using the accrued benefit method prorated on service and management's best estimate of assumptions and future claim rates and costs. There is no requirement to fund these future obligations on a current basis.

Use of estimates

In preparing the City's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

2. CHANGE IN ACCOUNTING POLICY

For the 2007 fiscal year the City changed its accounting policy related to the treatment of capital assets to comply with PS 3150, Tangible Capital Assets. Capital assets are capitalized at cost and amortized over their estimated useful lives. This change in accounting policy was accounted for retroactively and has resulted in an adjustment in the prior year to opening accumulated surplus of $320,717,187.

In addition, the City has implemented the Public Service Accounting Board ("PSAB") financial statement presentation standards as prescribed in PS 1200 in the current fiscal reporting period. Comparatives have been reclassified to conform with this presentation.

3. CASH AND CASH EQUIVALENTS

	2007	2006
	$	$
Cash	12,808,557	631,922
Restricted cash deposits:		
Accommodations' tax	162,420	525,007
Public Transit Fund	18,582,353	-
Advance payments from developers	405,269	435,531
Urban living non-profit housing		
Tenants' security deposits	96,829	95,396
Replacement reserve fund	423,198	374,130
	32,478,626	2,061,986

The Public Transit Fund consists of funds that have been received in advance of expenditure under the Federal Provincial Public Transit funding agreement signed March 31, 2007. The funds are to be used to construct a modern transit depot.

The City has agreements with Canada Mortgage and Housing Corporation and Newfoundland ("CMHC") and Labrador Housing Corporation which stipulate that cash be set aside for a replacement reserve fund.

4. ACCOUNTS RECEIVABLE - CURRENT

	2007	2006
	$	$
Other governments	9,122,679	7,353,427
Taxes	6,497,426	8,351,139
Other	6,671,342	5,138,510
	22,291,447	20,843,076

5. ACCOUNTS RECEIVABLE - LONG-TERM

The Government of Canada, through CMHC, has agreed to pay grants to the City as a share of Mundy Pond Neighbourhood Improvement program and Rennies River trunk sewer. The Province of Newfoundland and Labrador has agreed to pay grants to the City as a share of water and sewer, street paving and reconstruction, and recreational facilities programs. These grants are payable by annual installments and have maturity dates up to October 1, 2017.

	2007	2006
	$	$
Government of Canada		
Mundy Pond neighbourhood improvement program	1,638	2,981
Rennies River trunk sewer	499,645	533,915
	501,283	536,896
Government of Newfoundland and Labrador		
Civic Centre	13,844,492	14,876,273
Water and sewer projects	43,290,421	51,381,472
Paving	353,711	705,726
Other	44,764	53,984
	57,533,388	67,017,455
Other		
Federation of Canadian Municipalities-interest grant	2,162,880	2,703,600
Civic Assessments	1,428,417	1,763,625
	3,591,297	4,467,225
	61,625,968	72,021,576

5. ACCOUNTS RECEIVABLE - LONG-TERM (Continued)

The Federal and Provincial government's share of cost shared loans are recorded in the accounts of the City as debt charges recoverable. For the next five years the amounts are as follows:

	Federal	Provincial	Total
	$	$	$
2008	39,322	4,417,031	4,456,353
2009	41,928	4,490,450	4,532,378
2010	46,126	4,480,402	4,526,528
2011	50,929	4,730,190	4,781,119
2012	56,233	5,034,742	5,090,975

6. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2007	2006
	$	$
Land	**46,199,148**	45,133,970
Buildings and permanent improvements	**101,925,941**	101,431,720
Roads and underground networks	**335,663,042**	338,947,296
Equipment, vehicles and moveable plant	**35,084,213**	37,514,886
Fire department buildings and equipment	**9,700,976**	10,070,805
Work in process	**137,592,054**	69,423,325
Urban living non-profit housing buildings	**14,374,558**	14,990,875
	680,539,932	617,512,877

For additional information see Schedule 1.

7. PAYABLES AND ACCRUALS

	2007	2006
	$	$
Trade	**24,627,562**	22,278,763
Deposits and prepayments	**24,574,951**	5,598,437
Accrued interest	**1,929,718**	1,928,938
Other governments	**227,852**	173,265
	51,360,083	29,979,403

8. EMPLOYEE BENEFITS

	2007	2006
	$	$
Employee future benefits (Note 12)	**58,515,400**	49,659,898
Pension benefits (Note 11)	**9,803,085**	10,155,956
Retirement benefits	**8,682,891**	7,797,400
Severance pay	**7,065,876**	6,819,907
	84,067,252	74,433,161

9. DEBENTURE DEBT

	2007	2006
	$	$
Debenture debt outstanding (Schedule 2)	**203,806,000**	188,806,000
Less: debt charges recoverable from the Province of Newfoundland and Labrador	**40,459,172**	47,650,285
Less: portfolio investments (sinking funds) available	**47,347,623**	32,357,793
	115,999,205	108,797,922

The annual requirements over the next five years relating to scheduled sinking funds less debt charges recoverable from the Province of Newfoundland and Labrador ("the Province") are as follows:

Year	Scheduled Sinking Fund Requirements	Province of Newfoundland and Labrador	Net Amount
	$	$	$
2008	5,597,500	(1,184,886)	4,412,614
2009	5,597,500	(1,184,886)	4,412,614
2010	5,597,500	(1,184,886)	4,412,614
2011	5,597,500	(1,184,886)	4,412,614
2012	4,887,500	(1,184,886)	3,702,614

10. LONG-TERM DEBT

	2007	2006
	$	$
Long-term debt (Schedule 3)	**34,196,036**	38,586,512
Mortgages - Urban living non-profit housing (Schedule 4)	**20,378,637**	21,457,225
St. John's Transportation Commission	**4,500,000**	4,246,000
	59,074,673	64,289,737
Less: debt charges recoverable from the Province of Newfoundland and Labrador	**(17,575,499)**	(19,904,066)
Long-term debt	**41,499,174**	44,385,671

Annual principal repayments over the next five years relating to retirement of long-term debt are as follows:

Year	Long-term Debt	Non-Profit Housing Mortgages	St. John's Transportation Commission	Province of Newfoundland and Labrador Share	Net Amount
	$	$	$	$	$
2008	4,034,490	1,087,771	4,500,000	(1,977,621)	7,644,640
2009	3,958,365	1,137,177	-	(1,901,833)	3,193,709
2010	3,796,704	1,188,878	-	(1,734,714)	3,250,868
2011	3,886,022	1,242,983	-	(1,817,980)	3,311,025
2012	4,020,511	1,299,605	-	(1,945,818)	3,374,298

The Province's portion of cost shared loans is recorded in the accounts of the City as debt charges recoverable.

Mortgages of the Urban Living Non-Profit Housing Fund are secured by specific rental properties situated in St. John's and an assignment of rental income.

11. ACCRUED PENSION BENEFITS

	2007	2006
	$	$
City of St. John's - Employees	(7,787,960)	(7,868,346)
City of St. John's - Mayor and Councillors	(2,529,300)	(2,394,600)
St. John's Transportation Commission	514,175	106,990
	(9,803,085)	(10,155,956)

Pension plans

The City maintains a defined benefit plan which provides pension benefits to its employees. The City also maintains a supplementary retirement arrangement for the members of Council. Both plans provide benefits based on length of service and average earnings.

Based on actuarial valuation of the plans completed as at December 31, 2006, the following results have been extrapolated for December 31, 2007.

11. ACCRUED PENSION BENEFITS (Continued)

	Employees	Mayor and Councillors	2007	2006
	$	$	$	$
Accrued benefit obligation				
Balance, beginning of year	142,067,623	2,398,900	144,466,523	136,582,200
Current service cost	7,574,500	79,100	7,653,600	6,778,525
Interest cost	9,484,872	123,800	9,608,672	9,109,311
Benefits paid	(4,605,887)	(69,100)	(4,674,987)	(3,693,350)
Cost of plan amendments	-	-	-	-
Past services and FABA contributions	316,500	-	316,500	514,286
Actuarial loss (gain)	(2,143,976)	(121,800)	(2,265,776)	(4,824,450)
Balance, end of year	152,693,632	2,410,900	155,104,532	144,466,522
Plan assets				
Fair value, beginning of year	134,533,400	-	134,533,400	116,133,935
Return on plan assets	65,513	-	65,513	13,955,546
Benefits paid	(4,605,887)	-	(4,605,887)	(3,622,950)
City contributions to plan	4,713,501	-	4,713,501	4,434,324
Past services and FABA contributions	316,500	-	316,500	514,286
Employee contributions to plan	3,373,175	-	3,373,175	3,118,300
Fair value, end of year	138,396,202	-	138,396,202	134,533,441
Funded status - surplus (deficit)	(14,297,430)	(2,410,900)	(16,708,330)	(9,933,081)
Unamortized amounts	6,509,470	(118,400)	6,391,070	338,465
Accrued benefit asset (liability)	(7,787,960)	(2,529,300)	(10,317,260)	(9,594,616)
Significant assumptions used				
Discount rate	6.6%	5.2%		
Expected long-term rate of return on plan assets	6.6%	6.6%		
Rate of compensation increase	3.0%	3.3%		
Average remaining service period of active employees	12.6 years	1.2 years		
Net benefit expense for the year				
Current service cost	7,574,500	79,100	7,653,600	6,778,525
Interest cost	9,484,872	123,800	9,608,672	9,109,311
Amortization of gains/losses	(48,607)	900	(47,707)	783,601
Employee contributions	(3,373,175)	-	(3,373,175)	(3,118,300)
Expected return on plan assets	(9,004,515)	-	(9,004,515)	(7,811,490)
Cost of plan amendments	-	-	-	-
Net benefit expense	4,633,075	203,800	4,836,875	5,741,647

11. ACCRUED PENSION BENEFITS (Continued)

St. John's Transportation Commission

Defined benefit pension plans

The Commission maintains two defined benefit plans which provide pension benefits to its union and non-union employees. The plans provide benefits based on length of service and average earnings.

Based on an actuarial valuation of the plans completed as at December 31, 2004, the following results have been extrapolated for December 31, 2007:

	2007	2006
	$	$
Accrued benefit obligation		
Balance, beginning of year	22,519,856	20,600,809
Current service cost	975,680	909,732
Interest cost	1,514,532	1,404,452
Benefits cost	(710,507)	(711,938)
Cost of plan amendments	203,135	300,295
Participant contributions	17,815	16,506
Balance, end of year	24,520,511	22,519,856
Plan assets		
Fair value, beginning of year	24,957,556	21,928,139
Return on plan assets	382,038	2,836,907
Benefits paid	(710,507)	(711,938)
Employer contributions to plan	592,338	502,928
Employee contributions to plan	472,701	401,520
	25,694,126	24,957,556
Funded status - surplus	1,173,615	2,437,700
Unamortized amounts	(659,440)	(2,330,710)
Accrued benefit asset	514,175	106,990
Significant assumptions used		
Discount rate	6.75%	6.75%
Expected long-term rate of return on plan assets	6.50%	6.50%
Rate of compensation increase	4.00%	4.00%
Average remaining service period of active employees	15 years	15 years

11. ACCRUED PENSION BENEFITS (Continued)

	2007	2006
	$	$
Net benefit expense for the year		
Current service cost	**975,680**	909,730
Interest cost	**1,514,532**	1,404,452
Amortization of gains/losses	**(170,227)**	(76,091)
Liability increase due to flexible contributions	**17,815**	16,506
Recognition of net unamortized actuarial gains	**(203,135)**	(35,918)
Cost of plan amendments	**203,135**	300,295
Employee contributions	**(472,701)**	(401,521)
Expected return on plan assets	**(1,679,939)**	(1,472,452)
Net benefit expense	**185,160**	645,001

12. EMPLOYEE FUTURE BENEFITS

Both the City and the Transportation Commission provide post-retirement health and life benefits to their employees. Based on the actuarial valuation of the plan completed as at December 31, 2004 and extrapolated to December 31, 2007, the following results were obtained:

	2007			2006
	City	Transportation Commission	Total	Total
	$	$	$	$
Accrued benefit obligation				
Balance, beginning of year	**78,915,300**	**4,892,724**	**83,808,024**	62,022,188
Current service cost	**2,999,300**	**155,391**	**3,154,691**	2,340,720
Interest cost	**4,102,800**	**251,439**	**4,354,239**	3,436,253
Estimated claims and expenses	**(1,497,500)**	**(176,221)**	**(1,673,721)**	(1,429,966)
Cost of plan amendment	**-**	**326,870**	**326,870**	-
Loss on benefits obligation	**5,157,000**	**703,850**	**5,860,850**	17,438,829
Balance, end of year	**89,676,900**	**6,154,053**	**95,830,953**	83,808,024
Funded status surplus	**89,676,900**	**6,154,053**	**95,830,953**	83,808,024
Unamortized amounts	**(36,064,100)**	**(1,251,453)**	**(37,315,553)**	(34,148,126)
Accrued benefit liability	**53,612,800**	**4,902,600**	**58,515,400**	49,659,898

12. EMPLOYEE FUTURE BENEFITS (Continued)

	2007			2006
	City	Transportation Commission	Total	Total
Significant assumptions used				
Discount rate	5.15%	5.15%		
Average remaining service period of active employees	10 years	14 years		
	$	$	$	$
Net benefit expense for the year				
Current service cost	2,999,300	155,391	3,154,691	2,340,720
Cost of plan amendments	-	326,870	326,870	-
Amortization of actuarial gains/losses	2,651,300	42,123	2,693,423	1,109,643
Interest cost	4,102,800	251,439	4,354,239	3,436,253
Net benefit expense	9,753,400	775,823	10,529,223	6,886,616

13. ACCUMULATED SURPLUS

	2007	2006
	$	$
Accumulated surplus, beginning of year	413,243,929	382,349,574
Surplus arising from operations	43,273,448	30,894,355
Accumulated surplus, end of year	456,517,377	413,243,929
Appropriated surplus		
Sinking fund - reserve for retirement of debentures	47,347,623	32,357,793
Reserve for Shoal Bay treatment plant	89,620	44,800
Reserve for landfill capital improvements	5,480,868	6,405,011
Urban living non-profit housing - replacement reserve	423,198	374,130
Reserve for snow and ice management	2,000,000	2,000,000
Reserve for salt savings	281,639	152,097
Reserve for Civic Centre financing	253,839	399,699
Reserve for capital	635,506	1,318,642
Reserved for Employee benefits stabilization fund	1,071,652	-
Reserve for Robin Hood Bay post-closure costs	22,199	20,747
	57,606,144	43,072,919
Unappropriated surplus	398,911,233	370,171,010
	456,517,377	413,243,929

14. SUPPLEMENTARY CASH FLOW INFORMATION

	2007	2006
	$	$
Change in non-cash operating working capital:		
Receivables	**(1,448,371)**	(4,230,259)
Inventories	**(108,172)**	51,514
Prepaid expenditures	**100,164**	53,350
Payables and accruals	**21,380,680**	3,327,029
	19,924,301	(798,366)
Interest paid	**15,379,576**	13,688,770

15. CREDIT FACILITIES

The City has the following credit facilities available to meet its short-term financing needs:

- Demand facilities with the Royal Bank totaling $34,560,000, bearing interest on advances at Royal Bank prime rate minus 0.75%, all of which were unused as at December 31, 2007.

- Line of credit in the amount of $7,500,000, bearing interest on advances at Royal Bank prime rate minus 0.60%, of which $4,500,000 was used as at December 31, 2007.

16. CONTINGENCIES AND COMMITMENTS

Expropriation and other claims

The City has received notices of claims of approximately $1,050,000. No provision has been made for these claims either because the City is not expected to incur any significant liability, or because an estimate of loss, if any, is not determinable at this time.

St. John's Transportation Commission is contingently liable for claims below $50,000 which are not covered under its current insurance policy.

16. CONTINGENCIES AND COMMITMENTS (Continued)

Lease commitments

Under the terms of long-term operating leases on equipment, the City is required to make annual lease payments for the next four years as follows:

	$
2008	**1,609,868**
2009	**1,474,833**
2010	**1,458,589**
2011	**1,452,604**

Greenbelt Tennis Club

The City has guaranteed a loan of $150,000 for the replacement of an air supported structure.

17. FINANCIAL INSTRUMENTS

(a) Fair values

The fair values of financial instruments included in assets and liabilities approximate their carrying value due to their short-term nature.

The fair value of long-term debt, deferred grants and debenture debt approximates carrying value based on rates currently available to the City with similar terms and maturities and approximates its carrying value.

Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(b) Credit risk

The City is exposed to credit-related losses in the event of non-performance by counterparties to the financial instruments.

CITY OF ST. JOHN'S

Schedule 1

Consolidated Schedule of Tangible Capital Assets

Year Ended December 31

	Land	Buildings & Permanent Improvements	Roads and Underground Networks	Equipment, Vehicles & Moveable Plant	Fire Department Buildings & Equipment	Work in Process	Urban Living Non-profit Housing Buildings	2007 Totals
	$	$	$	$	$	$	$	$
Cost								
Balance, beginning of year	45,133,970	131,641,569	451,149,430	74,299,856	13,924,105	69,423,325	27,209,002	812,781,257
Add: Additions during the year	1,065,178	4,303,197	3,592,979	5,840,443	222,320	68,168,729	-	83,192,846
Less: Disposals during the year	-	-	-	(1,828,053)	(58,429)	-	-	(1,886,482)
Balance, end of year	46,199,148	135,944,766	454,742,409	78,312,246	14,087,996	137,592,054	27,209,002	894,087,621
Accumulated amortization								
Balance, beginning of year	-	30,209,849	112,202,134	36,784,970	3,853,300	-	12,218,128	195,268,381
Add: additions during the year	-	3,808,976	6,877,233	6,443,063	533,720	-	616,316	18,279,308
Balance, end of year	-	34,018,825	119,079,367	43,228,033	4,387,020	-	12,834,444	213,547,689
Net book value of tangible capital assets	46,199,148	101,925,941	335,663,042	35,084,213	9,700,976	137,592,054	14,374,558	680,539,932

CITY OF ST. JOHN'S

Schedule 2

Consolidated Schedule of Debenture Debt

December 31, 2007

				2007		2006	
Date of Maturity	Interest Rate	Amount Issued	Amount Outstanding	Sinking Funds Available	Sinking Fund Requirement in 2008	Sinking Funds Available	Sinking Fund Requirement in 2007
		$	$	$	$	$	$
Dec. 2005	11.250%	5,000,000	5,000	**5,000**	-	5,000	-
Dec. 2006	10.500%	6,000,000	-	-	-	9,556	-
Dec. 2008	11.125%	6,000,000	2,915,000	**2,966,730**	-	2,386,874	150,000
Dec. 2009	10.500%	7,000,000	2,374,000	**2,421,332**	-	2,131,373	175,000
Nov. 2011	6.150%	9,012,000	9,012,000	**5,188,448**	**710,000**	4,204,098	710,000
June 2012	10.875%	14,000,000	11,000,000	**7,727,798**	**350,000**	6,589,825	350,000
Sep. 2013	9.160%	9,000,000	6,000,000	**3,229,735**	**225,000**	2,559,724	225,000
Oct. 2015	9.400%	5,000,000	5,000,000	**2,555,209**	**125,000**	2,291,076	125,000
Dec. 2020	6.840%	7,000,000	7,000,000	**2,289,762**	**175,000**	1,707,036	175,000
Dec. 2021	7.380%	15,000,000	15,000,000	**3,749,679**	**375,000**	3,043,601	375,000
Apr. 2022	7.250%	16,500,000	16,500,000	**2,821,798**	**412,500**	2,259,245	412,500
Feb. 2023	6.680%	11,000,000	11,000,000	**2,085,651**	**275,000**	1,560,740	275,000
Feb. 2024	6.162%	25,000,000	25,000,000	**3,226,922**	**625,000**	2,225,486	625,000
June 2025	5.534%	18,000,000	18,000,000	**1,675,499**	**450,000**	976,408	450,000
Mar. 2026	5.300%	25,000,000	25,000,000	**1,281,862**	**625,000**	407,751	625,000
Dec. 2026	4.975%	35,000,000	35,000,000	**6,122,198**	**875,000**	-	875,000
Dec. 2027	5.400%	15,000,000	15,000,000	-	**375,000**	-	-
		228,512,000	203,806,000	**47,347,623**	**5,597,500**	32,357,793	5,547,500

For the debenture debt that matures in 2021, 2023, 2024, 2025, and 2026, there is debt recoverable from the Province of Newfoundland and Labrador of $4,163,289, $5,898,944, $8,921,933, $7,761,451 and $13,713,554 respectively, for a total of $40,459,172.

CITY OF ST. JOHN'S

Schedule 3

Consolidated Schedule of Long-Term Debt

December 31, 2007

				2007		2006	
	Date of Maturity	Interest Rate	Amount Issued	Amount Outstanding	Principal Requirement in 2008	Amount Outstanding	Principal Requirement in 2007
			$	$	$	$	$
Canada Mortgage and Housing Corporation							
Mundy Pond trunk sewer	Jan. 2008	5.875%	78,830	4,920	4,920	9,561	4,644
Virginia Park trunk sewer	Apr. 2013	7.500%	104,408	39,353	5,413	44,383	5,029
Virginia Park trunk sewer	Mar. 2014	7.875%	157,908	69,095	7,737	76,257	7,161
Rennies River trunk sewer	Oct. 2015	10.375%	1,011,991	571,429	48,812	615,545	44,116
Rennies River trunk sewer	Oct. 2017	9.750%	681,350	427,862	26,862	452,285	24,423
Mundy Pond neighbourhood improvement program	Jan. 2009	10.375%	18,985	2,166	1,965	3,942	1,776
Wedgewood Park water and sewer	Jan. 2017	7.875%	12,410	6,996	482	7,443	446
Goulds water and sewer	July 2007	10.000%	97,449	-	-	9,925	9,925
Federation of Canadian Municipalities							
Harbour Sewage Treatment Plant	Aug. 2015	2.450%	15,000,000	12,000,000	1,500,000	13,500,000	1,500,000
Harbour Sewage Treatment Plant	Dec. 2015	2.660%	5,000,000	4,000,000	500,000	4,500,000	500,000
Newfoundland Municipal Financing Corporation							
Penetanguishene - phase 1	May 2007	11.500%	2,210,465	-	-	147,816	147,816
Penetanguishene - phase 2	Dec. 2007	10.875%	1,762,291	-	-	222,529	222,529
1996 Capital Works	Jan. 2008	7.375%	2,012,777	138,912	138,912	402,091	263,179
1997 Streets	Jan. 2009	7.500%	165,603	33,229	21,742	53,428	20,199
1998 Streets A	Dec. 2009	8.375%	264,132	71,409	34,240	102,952	31,543
1998 Streets B	Dec. 2009	8.375%	104,868	28,351	13,594	40,875	12,524
1992 Airport Heights Phase 3	May 2009	10.625%	1,181,128	215,487	139,910	341,638	126,150
1993 Airport Heights Phase 4	Dec. 2009	11.500%	1,070,242	263,760	124,514	375,102	111,342
1998 Retaining Wall	Dec. 2009	8.375%	31,942	8,636	4,141	12,450	3,815
1991 Studies	May 2010	10.875%	201,165	58,799	21,671	78,293	19,493
1998 Bridge Rehabilitation	Sept. 2010	8.125%	189,044	73,174	22,477	93,930	20,756
1998 St. John's Rec. Centre	Sept. 2010	8.125%	60,361	23,364	7,177	29,992	6,627
Fire Equipment	Sept 2011	7.750%	90,895	44,764	9,949	53,984	9,220
1991 Studies B	Feb. 2011	9.750%	46,373	17,286	4,366	21,255	3,970
Higgins Line 1997	June 2013	7.375%	484,764	240,393	36,899	274,714	34,321
1997 Harbour Cleanup	Jan. 2014	7.500%	1,464,499	833,096	103,707	929,442	96,346
2001 Harbour Cleanup	Feb. 2014	7.500%	1,448,983	824,270	102,608	919,595	95,325
Higgins Line 2001	Dec. 2014	8.375%	574,858	354,794	39,098	390,812	36,018
Mile One Stadium	Sept. 2016	7.750%	19,006,737	13,844,491	1,113,293	14,876,273	1,031,781
			54,534,458	34,196,036	4,034,489	38,586,512	4,390,474

For the long term debt that matures from 2008 to 2016, there is debt recoverable from the Province of Newfoundland and Labrador of $17,074,215.

CITY OF ST. JOHN'S

Schedule 4

Consolidated Schedule of Mortgages - Urban Living Non-Profit Housing

December 31, 2007

	Date of Maturity	Interest Rate	2007 Amount Issued	2007 Amount Outstanding	2006 Amount Outstanding
			$	$	$
Newfoundland & Labrador Housing Corporation					
Hamlyn Road	Aug. 1, 2022	5.500%	2,207,290	1,499,050	1,564,069
Infill 1987	Apr. 1, 2023	5.500%	2,070,285	1,453,878	1,512,993
Gear Street - Infill 1988	Sept. 1, 2025	5.500%	1,929,560	1,471,682	1,519,623
Brookfield Road	Dec. 1, 2025	5.500%	2,203,600	1,685,433	1,739,150
Cochrane Street	Nov. 1, 2026	4.630%	745,887	497,255	556,765
Infill 1990	Nov. 1, 2026	4.160%	1,628,008	1,215,021	1,256,622
Campbell Avenue	Feb. 1, 2028	4.700%	968,952	770,049	792,570
Infill 1992	Dec. 1, 2028	5.500%	1,682,553	1,186,765	1,216,230
Canada Mortgage and Housing Corporation					
Forest Road	Jan. 1, 2018	4.700%	1,647,890	903,597	972,207
Cuckholds Cove Road	Apr. 1, 2018	4.240%	804,200	446,234	480,031
Infill 1982	July 1, 2018	4.470%	651,550	372,715	399,725
Hamilton Avenue - Rawlins Cross	Dec. 1, 2018	4.470%	1,249,485	730,817	781,286
Riverhead Towers	Feb. 1, 2019	3.590%	3,736,230	2,171,101	2,326,729
Fahey's Row - Infill 1983	May 1, 2019	4.330%	962,163	599,661	639,564
Alexander Street - Hamilton Avenue	June 1, 2019	4.330%	1,920,998	1,198,155	1,277,154
Carnell Street - Larkin Square	Jan. 1, 2020	3.880%	1,910,065	1,246,723	1,326,274
Goodview Street - Carter's Hill	Jan. 1, 2020	3.840%	1,406,630	928,016	987,400
Infill 1985	Apr. 1, 2021	4.590%	880,530	597,182	629,045
Carter's Hill - Sebastian Court	Aug. 1, 2021	4.260%	2,031,175	1,405,303	1,479,788
			30,637,051	20,378,637	21,457,225
Less: amounts due in 2008				1,087,771	1,078,588
				19,290,866	20,378,637

Mortgages are secured by specific rental properties situated in St. John's and assignment of rental income.

City of St. Johns

Schedule 5

Consolidated Schedule of Revenue

Year Ended December 31, 2007

	2007	2006
	$	$
Taxation		
Real property tax	78,220,265	71,174,904
Business tax	20,463,484	19,256,769
Utility tax	6,547,380	5,778,985
Accommodation tax	1,795,892	1,591,062
	107,027,021	97,801,720
Grants in lieu of taxes		
Government of Canada	897,694	1,938,731
Government of Canada agencies	529,615	619,127
Water Tax Grant	1,478,352	1,478,654
Government of Newfoundland agencies	78,902	73,495
	2,984,563	4,110,007
Grants and transfers		
Government of Canada		
Capital grant	15,684,356	7,193,848
Gas tax rebate	3,992,994	-
Government of Newfoundland & Labrador		
Municipal operating grant	3,101,298	3,101,298
Municipal capital grant	14,883,118	20,029,233
Recovery of debt charges	7,277,517	5,419,305
Rental housing projects	1,383,573	1,549,028
City of Mount Pearl & Town of Paradise		
Capital contribution	1,887,187	732,404
City of Mount Pearl public transit contribution	514,588	438,102
Other capital grants	2,722,376	147,788
Real Program Grants / ACOA	250,406	122,263
	51,697,413	38,733,269
Sales of goods and services		
Environmental health services		
Water tax	16,979,829	16,838,479
Water tax for Harbour Clean-up	1,922,165	1,910,235
Water sales - commercial and shipping	3,670,072	3,583,405
Tipping fees	3,934,211	3,420,522
Regional Fire recovery	4,256,860	4,454,037
Regional Water recovery	2,544,660	2,353,096
Other	85,592	103,528

City of St. Johns
Consolidated Schedule of Revenue
Year Ended December 31, 2007

Schedule 5 (continued)

	2007	2006
	$	$
Sales of goods and services (continued)		
General government services	148,250	133,645
Transportation services		
Parking meters	1,268,174	1,195,503
Parking permits	206,840	202,794
Other	20,569	27,020
Sale of land	120,562	774,976
Sponsorship	10,000	80,914
Recreation, parks & tourism	1,201,652	1,088,012
St. John's Sports & Entertainment Ltd.	7,129,323	8,301,001
St. John's Convention Centre	1,130,578	1,090,549
Railway Coastal Museum	294,488	262,702
Other general services	132,324	318,715
	45,056,149	46,139,133
Other revenue from own sources		
Interest on tax arrears	1,647,724	1,800,432
Interest earned on portfolio investments	2,437,146	2,036,547
Interest savings, Green Municipal Infrastructure Fund	540,720	600,800
Fines	1,556,526	1,686,194
Construction and other permits	2,075,923	1,946,057
Interest earned	1,320,049	990,217
Business and amusement licenses	124,032	128,786
Rents, concessions and franchises	40,219	36,141
Apartment rentals	2,349,564	2,289,853
St. John's Transportation Commission		
Passenger fares	5,155,582	5,336,444
Charters	116,477	111,447
Transit advertising	131,574	107,661
Sundry	56,513	54,300
Civic assessments	641,331	470,756
Sub - Division assessments	165,622	126,576
	18,359,002	17,722,211
Total Revenue	225,124,148	204,506,340

CITY OF ST. JOHN'S

Schedule 6

Consolidated Schedule of Expenditure

Year Ended December 31

	2007	2006
	$	$
General government services		
Legislative	**902,040**	862,726
General government	**16,070,805**	15,458,674
Engineering services	**4,189,808**	3,857,371
Pensions and employee benefits	**2,553,531**	2,522,298
Employee future benefits	**8,350,498**	7,245,773
Other general government	**373,780**	332,848
	32,440,462	30,279,690
Fiscal services		
Debenture debt charges		
Interest	**11,656,341**	9,677,934
Discount	**20,481**	23,481
Long-term debt interest	**2,567,474**	2,840,005
Non-Profit Housing mortgage interest	**923,037**	1,036,253
St. John's Transportation Commission interest	**212,244**	111,097
Interest on temporary bank loans	**4,850**	183,463
Other debt charges	**43,838**	292,721
	15,428,265	14,164,954
Transportation services		
Road transport		
Administration	**2,397,713**	2,271,612
Fleet services	**296,180**	126,554
Snow clearing	**10,973,117**	9,288,295
Streets, roads and sidewalks	**3,352,959**	3,362,142
Maintenance depot	**1,301,327**	1,149,528
Traffic services	**1,197,050**	1,152,880
Street cleaning	**96,496**	104,448
Street lighting	**3,533,093**	3,459,535
St. John's Transportation Commission	**12,238,613**	12,023,983
St. John's Para-Transit System	**997,637**	849,948
Parking meters	**49,524**	58,640
	36,433,709	33,847,565

CITY OF ST. JOHN'S

Schedule 6 (continued)

Consolidated Schedule of Expenditure

Year Ended December 31

	2007	2006
	$	$
Protective services		
Fire protection	**19,124,884**	18,451,899
Protective inspections	**2,800,200**	2,853,083
Traffic enforcement	**2,012,555**	2,100,863
Animal and pest control	**871,377**	742,298
	24,809,016	24,148,143
Environmental health services		
Water supply and distribution	**11,717,231**	8,787,341
Regional Water system	**5,363,944**	5,255,433
Garbage and waste collection and disposal	**5,161,094**	5,675,590
Sewerage collection and disposal	**660,442**	458,806
	22,902,711	20,177,170
Recreation and cultural services		
Parks and open spaces	**5,955,558**	5,487,323
Recreation	**5,471,221**	4,928,687
St. John's Sports & Entertainment Ltd.	**10,513,274**	10,742,487
Railway Coastal Museum	**361,552**	318,765
Destination St. John's	**772,946**	670,531
Other recreation and cultural services	**1,221,066**	2,039,621
	24,295,617	24,187,414
Environmental development services		
Environmental planning and zoning	**961,520**	939,659
Housing and real estate	**2,083,711**	2,075,574
Other environmental development services	**1,628,349**	1,761,091
	4,673,580	4,776,324
Amortization and allowances		
Provision for uncollectible accounts	**902,221**	1,501,841
Provision for obsolete inventory	**49,477**	62,995
Loss on disposal of tangible capital assets	**1,636,334**	2,301,779
Amortization	**18,279,308**	18,164,110
	20,867,340	22,030,725
Total expenditures	**181,850,700**	173,611,985